



**U.S. Department of Justice
U.S. Attorney's Office
Western District of Texas**

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**SCIENCE APPLICATIONS INTERNATIONAL CORPORATION TO PAY
\$2.5 MILLION TO SETTLE FALSE CLAIMS AT KELLY AIR FORCE BASE**

United States Attorney Johnny Sutton announced today that a San Diego, California, based defense contractor, Science Applications International Corporation (SAIC), has agreed to pay \$2,500,000 to settle allegations that it filed false claims for payment with the United States Air Force and engaged in defective pricing on a contract that the company was awarded to perform environmental clean-up work prior to the closure of Kelly Air Force Base in the late 1990s. The settlement resolves a federal False Claims Act whistle-blower lawsuit filed in January 2002 against SAIC by one of the company's former San Antonio project managers, Michael Dwight Woodlee, who alleged that SAIC had defrauded the government by padding the cost estimates that SAIC provided to the Air Force on environmental contract work that Woodlee and other company managers supervised at Kelly.

After an extensive investigation by the Air Force Office of Special Investigations, Defense Contract Audit Agency, and the U.S. Attorney's Office for the Western District of Texas, the Department of Justice joined the action in August 2004 and filed the government's amended lawsuit one month later. The government's suit alleged that SAIC knowingly failed to disclose information about its costs during price negotiations with the Air Force as required by the Truth in Negotiations Act. The lawsuit further alleged that SAIC internally developed its cost and price proposals and used hidden monetary reserves to inflate its estimates of the amount of labor hours that it would require to complete the contract work, but, never told the Air Force about the reserves or the labor hours that the company padded into its cost proposals. The suit alleged that the company then pocketed the excess profits on this taxpayer-funded contract. SAIC has denied all allegations of wrongdoing.

"This is a victory in the ongoing battle against alleged contractor fraud. Our office will continue to investigate complaints of fraud on the government and will aggressively work to recover illegal gains especially when taxpayer funded Defense Department appropriations are so vital to our national security," stated United States Attorney Johnny Sutton.

The False Claims Act qui tam statute allows persons who file successful actions alleging fraud against the government to receive a share of any resulting recovery. Mr. Woodlee will receive \$500,000 as his personal share of the settlement recovery proceeds.

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